

## Message Text

SECRET

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
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P R 170440Z JUL 78  
FM AMEMBASSY ISLAMABAD  
TO SECSTATE WASHDC PRIORITY 8166  
INFO AMEMBASSY NEW DELHI  
AMEMBASSY KABUL  
AMEMBASSY TEHRAN  
AMEMBASSY ANKARA  
AMEMBASSY PARIS  
AMEMBASSY LONDON  
AMEMBASSY JIDDA

S E C R E T SECTION 1 OF 3 ISLAMABAD 6904

EXDIS

E.O. 11652: XGDS-1  
TAGS: PE  
D, MNUC, MASS, XD, US  
SUBJECT: UNDER SECRETARY NEWSOM'S MEETING WITH FINANCE MINISTER  
GHULAN ISHAQ - 16 JULY

1. SUMMARY: UNDER SECRETARY NEWSOM'S MEETING WITH GHULAM ISHAQ,  
MINISTER OF FINANCE, PLANNING, AND COORDINATION AND "SENIOR-MOST"

MINISTER IN THE 5 JULY CABINET, DWELT HEAVILY ON THE REPROCESSING  
ISSUE,  
THE GLENN AMENDMENT, AND US AID POLICY. NEWSOM EXPLAINED US POLICY  
ON NON-PROLIFERATION IN GENERAL AND ON THE REPROCESSING PLANT IN  
PARTICULAR AND RECEIVED IN REPLY A STOLID DEFENSE OF BOTH THE  
ECONOMICS AND THE PURPOSES OF THE REPROCESSING PLANT AND OF GOP  
UNHAPPINESS WITH US POLICIES. END SUMMARY

2. UNDER SECRETARY NEWSOM MET WITH FINANCE, PLANNING, AND COORDINATION  
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MINISTER GHULAM ISHAQ ON THE MORNING OF 16 JULY. AMBASSADOR AND  
POLCOUNS ACCOMPANIED; PAK SIDE ALSO INCLUDED FONSEC SHAHNAWAZ AND MFA  
NOTETAKER. WE HAD ASKED FOR CALL ON GHULAM ISHAQ BECAUSE OF HIS LONG-  
STANDING ROLE IN THE INNER COUNCILS OF THE GOP ON THE REPROCESSING  
ISSUE AND BECAUSE IN THE NEW CABINET, HE HAS EFFECTIVELY RETAINED THE  
"SENIOR-MOST" STANDING HE ENJOYED IN THE PREVIOUS GOVERNMENT, IN

WHICH HE WAS SECRETARY GENERAL-IN-CHIEF.

3. NEWSOM OPENED BY DESCRIBING OUR FLEXIBILITY ON THE REPROCESSING ISSUE AS VIRTUALLY NON-EXISTENT. HE REFERRED TO THE NYE DISCUSSIONS IN ISLAMABAD LAST YEAR, AND TO THE DIFFICULTY OF KEEPING TRACK OF POSSIBLE DIVERSIONS OF PLUTONIUM IN THE PUREX PROCESS FOR MILITARY PURPOSES. HE ASKED THE MINISTER TO EXPLAIN, BOTH THE PURPOSE AND THE ECONOMICS OF THE REPROCESSING PLANT FROM THE GOP POINT OF VIEW.

4. GHULAM ISHAQ SAID THE PLANT CANNOT BE DISCUSSED IN ISOLATION. IT IS PART OF THE FUEL CYCLE, WHICH IS TIED TO PAKISTAN'S PLANS AND NEEDS FOR ENERGY IN THE FUTURE.

5. GHULAM ISHAQ DENIED FLATLY ANY PURPOSE OTHER THAN PEACEFUL USES; HE NOTED THAT HE UNDERSTOOD THE US CONCERN ABOUT THE POSSIBLE DIVERSION OF PLUTONIUM OR EVEN ENRICHED URANIUM FROM SUCH PROCESSES, BUT AS A FORMER DEFENSE SECRETARY, HE ALSO KNOWS THAT PAKISTAN HAS NEITHER THE CAPABILITY IN HAND NOR THE STATE OF TECHNOLOGY IN ITS ECONOMY TO PROCESS A BOMB, TO DEAL WITH ITS BALLISTICS, AND TO COME UP WITH A DELIVERY SYSTEM. GOP HAD VOLUNTEERED TO PUT THE REPROCESSING

PLANT UNDER WHATEVER SAFEGUARDS ANYONE WANTS IN ORDER TO PREVENT A SURREPTITIOUS DIVERSION OF PLUTONIUM. BUT THE MOST IMPORTANT LIMITATION

IS THE COUNTRY'S INABILITY ACTUALLY TO PRODUCE A WEAPON.

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6. ON THE ECONOMICS, GHULAM ISHAQ RECOUNTED THAT IN DECEMBER 1977 A SPECIAL GROUP HAD BEEN SET UP IN THE GOP TO MAKE A LONG-RANGE STUDY OF

FUTURE ENERGY NEEDS FOR THE NEW FIVE-YEAR PLAN AND BEYOND. THE REPORT OF THIS GROUP, JUST FINISHED, IS UNANIMOUS IN ENDORSING NUCLEAR POWER AS THE KEY, DESPITE REPRESENTATIVES ON THE COMMISSION OF THOSE WITH VESTED INTERESTS IN ALTERNATIVE FORMS OF ENERGY. THIS REPORT ASSUMES THAT A NEW DAM WILL BE BEGUN AT KALABAGH ON THE INDUS, IF RESOURCES ARE AVAILABLE. ASKED ABOUT THE POWER PLANT AT CHASMA, HE SAID SIMPLY THAT THERE ARE NO RESOURCES TO COMPLETE THE 600 MW CHASMA POWER PLANT THAT IS IN THE PRESENT PLAN. FOR THE SIXTH FIVE YEAR PLAN, THE REPORT ESTIMATES THE NEED OF AN ADDED 6000 MW OF POWER, AND THERE IS NOT WAY

THIS CAN BE ACCOMPLISHED IN PAKISTAN WITHOUT RECOURSE TO NUCLEAR GENERATION.

7. HE NOTED THAT THE CANADIANS HAD PROVIDED A RUDE SHOCK TO THE GOP WHEN -- IN THE WAKE OF THE INDIAN EXPLOSION -- THEY TURNED OFF THE TAP AT KANUPP. THAT EXPERIENCE MADE THE GOP AWARE THAT IT SIMPLY CANNOT DEPEND ON FOREIGN SOURCES OF FUEL FOR ITS NUCLEAR ENERGY NEEDS -- HENCE THE REPROCESSING PLANT CONTRACT WITH THE FRENCH.

8. NEWSOM EXPLAINED THE FIRM US POLICY OF DISCOURAGEING THE SPREAD OF REPROCESSING PLANTS, NOTED HIS KEEN AWARENESS OF THE IMPACT OF THIS POLICY ON PAKISTAN AND ON US-PAK RELATIONS, MADE CLEAR WE ARE APPLYING

THE SAME POLICY TO OTHER COUNTRIES -- AT WHATEVER STAGE THEIR OWN NUCLEAR COURSE HAS REACHED -- AND CITED THE PENDING NEW AGREEMENT WITH

IRAN ON EXTERNAL REPROCESSING. HE THEN TOLD GHULAM ISHAQ, AS HE HAD TOLD GEN ZIA THE NIGHT BEFORE, THAT IF, IN THE LIGHT OF ITS MORE IMMEDIATE SECURITY REQUIREMENTS GROWING OUT OF THE AFGHAN COUP, PAKISTAN WOULD BE PREPARED TO REORIENT ITS PRIORITIES ON THE MATTER, I.E. TO SET ASIDE THE REPROCESSING PLANT, WE WOULD BE PREPARED TO RESPOND TO PAKISTAN'S URGENT SECURITY AND ECONOMIC NEEDS.

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
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P R 170440Z JUL 78  
FM AMEMBASSY ISLAMABAD  
TO SECSTATE WASHDC PRIORITY 8167  
INFO AMEMBASSY NEW DELHI  
AMEMBASSY KABUL  
AMEMBASSY TEHRAN  
AMEMBASSY ANKARA  
AMEMBASSY PARIS  
AMEMBASSY LONDON  
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EXDIS

9. GHULAM ISHAQ BRUSHED THIS ASIDE WITH COMMENT ON GLENN AMENDMENT APPLICABILITY. HOW TO DEFINE "EXISTING," HE MUSED; MANY PLANTS ARE BUILDING, THE UK HAS DECIDED TO GO AHEAD ON ITS OWN, AS HAS THE EC. DOES NOT THE EXISTENCE OF A VALID CONTRACT INDICATE "AN EXISTING" FACILITY, HE ASKED RHETORICALLY? BEYOND THIS, THE REPROCESSING ISSUE IN PAK-US RELATIONS TOUCHES HEAVILY ON MATTERS OF SOVEREIGNTY AND PRIDE. THE US POLICY, HE CHARGED, HAD BEEN TO "PROVOKE AN OPEN CONFRONTATION" ON THIS ISSUE; THIS IS "NOT THE WAY TO PERSUADE OR TO RETAIN THE GOODWILL OF FRIENDS," HE SAID.

10. THE GLENN AMENDMENT HAD NO RETROSPECTIVE EFFECT; YET, THE US

HAS "NOT SIGNED A SINGLE AGREEMENT WITH PAKISTAN SINCE AUGUST 4 1977.

"

THE US GOVERNMENT HAS APPLIED GLENN EVEN IN THE ABSENCE OF FURTHER TECHNOLOGY TRANSFERS -- EVEN THOUGH THE AID PROGRAM IS HEAVILY COMMITTED TO THE URGENT NEEDS OF THE AGRICULTURAL SECTOR. THERE IS "ENOUGH FLEXIBILITY IN THE GLENN AMENDMENT," HE SAID, TO DEAL WITH THE PROBLEM. AS THINGS NOW STAND, "NO GOVERNMENT" IN PAKISTAN CAN  
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AGREE TO BACK DOWN ON THE REPROCESSING ISSUE; THE NATION "WILL BE UP IN ARMS IF WE ACCEDE TO YOUR WISHES ON THIS." HAD YOU HANDLED IT OTHERWISE, HE CONCLUDED, "WE MIGHT HAVE BEEN ABLE TO ACT OTHERWISE."

11. THE AFGHAN SITUATION CREATES A NEW SET OF PROBLEMS. IT IS PART OF A CZARIST DREAM REALIZED AS WELL AS OF A PINCHER MOVEMENT AROUND THE OIL OF THE MIDDLE EAST. OUR CONCERN -- AMERICA'S AND PAKISTAN'S -- SHOULD BE HOW BEST TO DEAL WITH THIS. REFERRING TO HIS FRONTIER TRIBAL

ORIGINS, GHULAM ISHAQ DESCRIBED THE FRONTIER CUSTOM OF "JIGHA," WHICH IS AN AGREEMENT WITHIN A TRIBE TO PUT INTERNAL DIFFERENCES AND VENDETTAS ASIDE IN THE INTERESTS OF DEALING WITH AN EMERGENCY THREATENING THE TRIBE AS A WHOLE. THE US AND PAKISTAN OUGHT TO INVOKE SUCH A PRACTICE HERE, SETTING ASIDE OUR DIFFERENCES ON THE REPROCESSING

ISSUE IN FAVOR OF DEALING TOGETHER WITH THE NEW EXTERNAL THREATS CAUSED BY SOVIET ACTIONS.

12. NEWSOM SAID HE APPRECIATED GHULAM ISHAQ'S STRAIGHT TALK AND WOULD REPLY IN KIND. THE GLENN AMENDMENT IS MORE THAN JUST A PIECE OF LEGISLATION AFFECTING REPROCESSING TECHNOLOGY TRANSFERS; IT IS ALSO SYMBOLIC OF A CONGRESSIONAL MOOD AND OF EXECUTIVE FEELINGS. THOSE FEELINGS WOULD MAKE THE WAIVER ROUTE WITHIN GLENN VERY DIFFICULT.

13. GHULAM ISHAQ INTERJECTED THAT THE NEED FOR WAIVER DOES NOT ARISE,

SINCE ALL IS STOPPED NOW ANYWAY. AMBASSADOR REJOINED THAT THE EXISTING

PIPELINE HAS REMAINED UNAFFECTED BY OUR POLICY. BUT THE EXECUTIVE BRANCH, INFLUENCED BY THE PRESIDENT'S DETERMINATION ON NON-PROLIFERATION

AND BY THE FEELINGS OF THE LEGISLATIVE BRANCH, HAS SOUGHT TO AVOID AID

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ARRANGEMENTS WHICH WOULD STRETCH INTO A FUTURE IN WHICH WE HAVE TO ASSUME -- GIVEN TO ASSUME -- GIVEN TO CONTRACT AND GOP POLICY --

THE GLENN AMENDMENT WILL HAVE TO BE APPLIED.

14. THERE FOLLOWED A GIVE AND TAKE ON "TRANSFER TIMETABLES," ETC. IN WHICH GHULAM ISHAQ INDICATED THAT THE DESIGN FOR THE PLANT HAD BEEN RECEIVED, THE CONSTRUCTION BEGUN, AND THE TECHNICIANS ON THE SCENE. THE "ORDER FOR SUPPLIES," HOWEVER, "HAS BEEN HUNG UP." YET AID HAD BEEN CUT OFF.

15. NEWSOM TOLD HIM THAT SEQUENCE IS IMPORTANT; WHEN THE FIRST STOPPAGE OF NEW AID PROJECTS WAS DETERMINED LAST FALL WE ASSUMED WE WOULD BE DISCUSSING THE MATTER WITH A NEW, ELECTED GOVERNMENT WITHIN A SHORT TIME. WHEN WE RECONSIDERED THE QUESTION AFTER OCTOBER, WE HAD HOPED WE MIGHT BE ABLE TO GET ASSURANCES FROM THE GOP THAT THE PROJECT WOULD STOP SO THAT WE COULD CONTINUE PROGRAMS. THAT PROVED IMPOSSIBLE

BROADENING HIS POINT, THE UNDER SECRETARY SAID WE ARE NOT TALKING ONLY OF AID. WE ARE TALKING OF THE RESUMPTION OF OUR USUAL RELATIONSHIPS ACROSS THE BOARD WHICH -- BECAUSE OF THE AFGHAN SITUATION -- MUST ALSO INCLUDE MILITARY ITEMS. HOWEVER, WE CANNOT MOVE UNTIL WE HAVE ASSURANCES FROM THE GOP WHICH SATISFY THE SPIRIT OF THE GLENN AMENDMENT.

16. REFERRING TO UNDER SECRETARY'S PROPOSAL THAT PRIORITIES BE RE-ORDERED TO SET REPROCESSING PLANT ASIDE TO MEET AFGHAN SITUATION, GHULAM ISHAQ MADE TWO ADDITIONAL POINTS ABOUT WHY THIS WOULD NOT WORK

FIRST -- ASSUMING MUCH OF THE PUBLIC CONNECTS THE REPROCESSING PLANT WITH THE ABILITY TO MAKE WEAPONS, SUCH AN ARGUMENT -- IN THE INTERESTS OF PAKISTAN SECURITY -- WOULD NOT BE CREDIBLE. AND SECOND, SUCH AN ARGUMENT, WHICH WOULD HAVE TO BE PUBLIC, WOULD "SET PAKISTAN ON THE CONFRONTATION COURSE WITH AFGHANISTAN AND THE USSR" WHICH THE GOP HAS BEEN TRYING -- WITH SOME SUCCESS, ACCORDING TO FONSEC --

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 INRE-00 NSCE-00 DODE-00

CIAE-00 /026 W

-----088117 190900Z /15/10

P R 170440Z JUL 78

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TO SECSTATE WASHDC PRIORITY 8168

INFO AMEMBASSY NEW DELHI

AMEMBASSY KABUL

AMEMBASSY TEHRAN

AMEMBASSY ANKARA

AMEMBASSY PARIS

AMEMBASSY LONDON

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EXDIS

C O R R E C T E D C O P Y (TEXT--PARA EIGHTEEN)

17. FONSEC ADDED THAT WHEN AGHA SHAHI HAD GONE TO THE US TO MEET WITH SECRETARY VANCE, HE HAD BEEN ENCOURAGED BY THE FIRST MEETING, BECAUSE OF THE SECRETARY'S KEEN INTEREST, BUT DISCOURAGED BY THE SECOND MEETING BECAUSE THERE WERE "NO NEW ELEMENTS" IN THE AMERICAN APPROACH, "NO REFLECTION OF A BASIC CHANGE IN THE REGION." THE SECRETARY ALLUDED ONLY TO STRENGTHENING CENTO, AN ORGANIZATION WHOSE WEAKNESSES ARE "WELL KNOWN TO US." CENTO HAS NEVER EVEN DEFINED THE THREAT IT IS SUPPOSED TO MEET, GHULAM ISHAQ ADDED.

18. THE FIN MIN SAID HE WAS NOT TRYING TO BE DIFFICULT, BUT PRESENT US POLICIES DO NOT APPEAR TO BE CONDUCIVE TO MAINTAINING PAKISTAN AS AN INDEPENDENT ENTITY. SPEAKING PERSONALLY, HE SAID IT SEEMS TO HIM THAT "PAKISTAN NO LONGER FINDS A PLACE IN THE BOOK OF US PRIORITIES." THE US INSTEAD LOOKS TO REGIONAL CENTERS OF POWER, LIKE INDIA AND IRAN. AND AT THE RECENT CONSORTIUM, THE US "STOOD OUT"

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AGAINST RESCHEDULING.

19. MEETING CONCLUDED AS NEWSOM REPLIED THAT ONE OF THE VIRTUES OF TRIPS SUCH AS HE IS ON IS THE OPPORTUNITY TO HEAR CONTRASTING VIEWS FROM COUNTRY TO COUNTRY. IN INDIA, HE SAID, HE FOUND REAL DISSATISFACTION WITH US LEGISLATION IN THE NUCLEAR FUELS FIELD: HE FOUND ALSO NO US AID PROGRAM AND NO MILITARY SALES CONTEMPLATED. YET IN PAKISTAN, A FEW DAYS LATER, FINDS HIMSELF CONFRONTED WITH THE ALLEGATION THE US HAS OPTED SOMEHOW FOR INDIA. THAT JUST IS NOT SO. PAKISTAN, HE SAID, IS "CENTRAL" TO OUR THINKING IN THE REGION, AND THIS TRIP HAS BEEN BUILT AROUND THAT POINT. SECRETARY VANCE IS VERY CONCERNED ABOUT THE SITUATION IN THE REGION AND HAS

SENT ME, NEWSOM SAID, TO SEE HOW WE MIGHT RECOVER A REALTIONSHIP  
WITH PAKISTAN WHICH WOULD CONTRIBUTE TO REGIONAL STABILITY AND  
MEET PAKISTAN'S NEEDS IN LIGHT OF THE AFGHAN SITUATION. HUMMEL

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## Message Attributes

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**Draft Date:** 17 jul 1978  
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**TAGS:** OVIP, MNUC, MASS, US, PK, (NEWSOM, DAVID D)  
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